

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

Nation's Hazard Insurance Company)	No. DO3-131
)	
an Unauthorized Entity, and)	
)	ORDER TO
Michael F. Napadow; Stephen C. Napadow,)	CEASE AND
and Jeffery M. Napadow)	DESIST

Pursuant to RCW 48.05.030, RCW 48.15.020, RCW 48.30.010, and RCW 48.30.040, the Office of the Insurance Commissioner ("OIC") orders Nation's Hazard Insurance Company; and the individuals named above and their officers, directors, trustees, agents, and affiliates ("Respondents") to immediately cease and desist from:

- A. engaging in or transacting the business of insurance in the state of Washington, including the collection of premium monies and the advertising of insurance and insurance-related products;
- B. seeking, soliciting, pursuing, continuing and/or obtaining any insurance business in the state of Washington and from participating, directly or indirectly, in any act of an insurance agent or insurance company in seeking, soliciting, pursuing, continuing, and/or obtaining any insurance business in the state of Washington;
- C. soliciting Washington residents to sell or purchase any plan or policy or coverage for malpractice, errors and omissions, liability or any other form of insurance;
- D. soliciting Washington residents by e-mail, facsimile (fax), telephone, mail or any other means to induce them to purchase any form of insurance product.
- E. offering to Washington residents a plan or policy or coverage for any form of insurance without submitting to examination by the insurance commissioner to determine the organization and solvency of the person or the entity offering such insurance, and to determine whether or not such person or entity complies with the applicable provisions of the Insurance Code as required by RCW 48.

THIS ORDER IS BASED ON THE FOLLOWING:

1. Violation of RCW 48.05.030, Certificate of authority required; RCW 48.15.020, Solicitation by unauthorized insurer prohibited; and RCW 48.17.060, License required;

a.) On or about May 22nd, 2003, Respondents solicited a Washington insurance agent, who holds a resident license, to sell a plan or policy or coverage for liability insurance.

In this solicitation, Respondents stated "We have many clients in WA...", however, Respondents have not applied for or been granted, a certificate of authority or license to act as an insurance agent or an insurer in Washington. Respondents have not submitted to OIC any appropriate certificate, license, or other document issued by another agency of this state, any subdivision thereof, or the federal government permitting or qualifying Respondents to provide such coverage in this state.

b.) On or about May 4th, 2003, Respondents solicited a Washington resident to purchase a plan or policy of liability insurance and submitted a written quotation for such policy. On or about May 6th, 2003, Respondents issued a "binder" for such a policy to the Washington resident, backdated to 5/1/03.

2. Violation of RCW 48.30.040, False information and advertising

Respondents intentionally represented to the purchaser that the product they were selling was being legally offered under the laws of the State of Washington. This representation was false, deceptive and misleading, in that the Respondents were fully aware that they were not authorized to issue an insurance contract under RCW 48. This misleading representation was intended to induce Washington residents to sell or purchase the insurance sold by the Respondents

Any violation of the terms of this Order by Respondents, their officers, directors, agents, or affiliates, will render the violator(s) subject to the full penalties authorized by RCW 48.02.080, RCW 48.17.530, and other applicable Code sections.

Respondents are ordered to refund, within forty-five (45) days of receipt of this order, all monies collected from Washington residents and are to furnish the OIC with a complete listing, to include contact information, of all Washington residents who have purchased any insurance or insurance-related product from Respondents.

Respondents have the right to demand a hearing pursuant to chapters 48.04 and 34.05 RCW. This Order shall remain in effect subject to the further order of the commissioner.

THIS ORDER IS EFFECTIVE IMMEDIATELY AND IS ENTERED at Tumwater, Washington, this 22nd day of July, 2003.

MIKE KREIDLER
Insurance Commissioner

By: _____
Carol Sureau, Deputy Commissioner
Legal Affairs Division
Office of Insurance Commissioner
State of Washington